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**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH POLICE JURY**

Financial Statements and
Independent Auditor's Reports
For the Years Ended
December 31, 2005 and 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-16-06

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

Annual Financial Statements As of and for the Year Ended December 31, 2005 With Supplemental Information Schedules

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CONCORDIA FIRE PROTECTION DISTRICT NO. 2

Annual Financial Statements As of and for the Year Ended December 31, 2005 With Supplemental Information Schedules

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Concordia Fire Protection District No. 2
Vidalia, Louisiana

We have audited the accompanying financial statements of the Concordia Fire Protection District No. 2 of Concordia Parish, Louisiana, a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of Concordia Fire Protection District No. 2's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Concordia Fire Protection District No. 2, as of December 31, 2005 and 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, Concordia Fire Protection District No. 2 adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2004. This results in change to Concordia Fire Protection District's method of account for certain nonexchange revenues and a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2006 on our consideration of the Concordia Fire Protection District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on page 3 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Concordia Fire Protection District No. 2. Such information has been subjected to the auditing procedures applied in the examination of the basic statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ferriday, Louisiana
August 2, 2006

Switzer, Hopkins & Mange

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

Our discussion and analysis of Concordia Fire Protection District No. 1 (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the years ended December 31, 2005 and 2004.

FINANCIAL HIGHLIGHTS

- Cash balances were \$241,835 at December 31, 2005 and \$290,066 at December 31, 2004.
- General revenues were \$396,045 in 2005 compared to \$513,430 in 2004.
- General expenditures were \$355,058 in 2005 compared to \$321,742 in 2004.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and sales taxes. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 11-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-28 of this report.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the net assets at December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 597,052	\$ 749,490
Capital assets	<u>1,033,619</u>	<u>998,291</u>
Total assets	<u>1,630,671</u>	<u>1,747,781</u>
Current liabilities	161,095	169,192
Long-term liabilities	<u>-</u>	<u>150,000</u>
Total liabilities	<u>161,095</u>	<u>319,192</u>
Net Assets		
Investment in capital assets (net of related debt)	883,619	691,837
Unrestricted	<u>585,957</u>	<u>736,752</u>
Total net assets	<u>\$ 1,469,576</u>	<u>\$ 1,428,589</u>

The following is a summary of the statement of activities for 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Revenues:		
Taxes	\$ 366,761	\$ 471,699
Grants	-	16,661
Other	<u>29,284</u>	<u>25,070</u>
	<u>396,045</u>	<u>513,430</u>
Expenses:		
General and administrative	96,637	76,757
Public safety - Fire	250,085	229,831
Debt service - interest	<u>8,336</u>	<u>15,154</u>
Total expenses	<u>355,058</u>	<u>321,742</u>
Increase in net assets	40,987	191,688
Net assets beginning of year	<u>1,428,589</u>	<u>1,236,901</u>
Net assets end of year	<u>\$ 1,469,576</u>	<u>\$ 1,428,589</u>

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was amended once during 2005 and once during 2004.

The actual expenditures were \$17,659 less than budget amounts in 2005 and \$38,526 in 2004.

Revenues available for expenditure were \$28,446 above the budgeted amounts in 2005 and \$20,234 in 2004.

CAPITAL ASSETS

At the end of the year, the District has \$1,033,619 invested in capital assets, including buildings, furniture, fire fighting equipment and vehicles.

The additions of capital assets included the following:

2005:

2005 GMC Fire Truck	\$ 124,440
2005 Chevy Tahoe	<u>25,281</u>
Total additions - 2005	<u><u>\$ 149,721</u></u>

2004:

GMC Pumper Fire Truck	\$ 123,651
Hoses and accessories	46,476
Dell 8300 computer	<u>2,141</u>
Total additions - 2004	<u><u>\$ 172,268</u></u>

DEBT

At year-end, the District had \$150,000 in certificates of indebtedness outstanding. This is a decrease from last year of \$140,000.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2005.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Joe Boykin, Secretary/Treasurer P. O. Box 1150, Vidalia, LA 71373 (318) 336- 4658.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Concordia Fire Protection District No. 2
Concordia Parish, Louisiana

Statement of Net Assets
December 31, 2005 and 2004

Statement A

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash and cash equivalents	\$ 83,015	\$ 106,170
Receivables, net	355,217	338,919
Restricted:		
Cash and cash equivalents	158,820	183,896
Receivables, net	-	120,505
Capital assets, net	1,033,619	998,291
Total assets	<u>\$ 1,630,671</u>	<u>\$ 1,747,781</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	11,095	12,738
Long-term liabilities:		
Due within one year	150,000	156,454
Due in more than one year	-	150,000
Total liabilities	<u>161,095</u>	<u>319,192</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	883,619	691,837
Restricted for debt service	158,820	304,401
Unrestricted	427,137	432,351
Total net assets	<u>\$ 1,469,576</u>	<u>\$ 1,428,589</u>

The accompanying notes are an integral part of these financial statements.

Concordia Fire Protection District No. 2
Concordia Parish, Louisiana

Statement of Activities
December 31, 2005 and 2004

Statement B

<u>GENERAL REVENUES</u>	<u>2005</u>	<u>2004</u>
Taxes		
Ad valorem taxes	\$ 366,761	\$ 471,699
Intergovernmental revenues:		
State grants	-	16,661
Interest income	9,650	5,908
Miscellaneous revenues	19,634	19,162
Total general revenues	<u>396,045</u>	<u>513,430</u>
 <u>GENERAL EXPENSES</u>		
Governmental activities		
Salaries and benefits	101,525	114,317
General administrative	96,637	76,757
Maintenance	148,560	115,514
Interest expense	8,336	15,154
Total general expenses	<u>355,058</u>	<u>321,742</u>
 Change in net assets	40,987	191,688
Net assets-beginning of year	<u>1,428,589</u>	<u>1,236,901</u>
Net assets-end of year	<u>\$ 1,469,576</u>	<u>\$ 1,428,589</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS (FSS)

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

Balance Sheet – Governmental Funds
December 31, 2005

Statement C

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 83,015	\$ -	\$ 83,015
Receivables, net	<u>355,217</u>	<u>-</u>	<u>355,217</u>
Total current assets	<u>438,232</u>	<u>-</u>	<u>438,232</u>
Restricted assets:			
Cash	<u>-</u>	<u>158,820</u>	<u>158,820</u>
Total assets	<u><u>438,232</u></u>	<u><u>158,820</u></u>	<u><u>597,052</u></u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payables	<u>8,858</u>	<u>2,237</u>	<u>11,095</u>
Fund balance			
Reserved for debt service	-	156,583	156,583
Unreserved	<u>429,374</u>	<u>-</u>	<u>429,374</u>
Total fund balance	<u>429,374</u>	<u>156,583</u>	<u>585,957</u>
Total liabilities and fund balance	<u><u>\$ 438,232</u></u>	<u><u>\$ 158,820</u></u>	<u><u>\$ 597,052</u></u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

Balance Sheet – Governmental Funds
December 31, 2004

Statement D

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 106,170	\$ -	\$ 106,170
Receivables, net	<u>338,919</u>	<u>-</u>	<u>338,919</u>
Total current assets	<u>445,089</u>	<u>-</u>	<u>445,089</u>
Restricted assets:			
Cash	-	183,896	183,896
Receivables, net	<u>-</u>	<u>120,505</u>	<u>120,505</u>
	<u>-</u>	<u>304,401</u>	<u>304,401</u>
Total assets	<u>445,089</u>	<u>304,401</u>	<u>749,490</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payables	<u>7,616</u>	<u>5,122</u>	<u>12,738</u>
Fund balance			
Reserved for debt service	-	299,279	299,279
Unreserved	<u>437,473</u>	<u>-</u>	<u>437,473</u>
Total fund balance	<u>437,473</u>	<u>299,279</u>	<u>736,752</u>
Total liabilities and fund balance	<u>\$ 445,089</u>	<u>\$ 304,401</u>	<u>\$ 749,490</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
December 31, 2005 and 2004

Statement E

	<u>2005</u>	<u>2004</u>
Total fund balances for governmental funds (Statements C and D)	\$ 585,957	\$ 736,752
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Cost of capital assets	1,963,291	1,822,361
Less accumulated depreciation	(929,672)	(824,070)
Long-term liabilities	<u>(150,000)</u>	<u>(306,454)</u>
Net assets (Statement A)	<u>\$ 1,469,576</u>	<u>1,428,589</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance
December 31, 2005

Statement F

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>REVENUES:</u>			
Taxes			
Ad valorem taxes	\$ 366,761	\$ -	\$ 366,761
Interest income	4,884	4,766	9,650
Other revenues	<u>19,634</u>	<u>-</u>	<u>19,634</u>
Total revenues	<u>391,279</u>	<u>4,766</u>	<u>396,045</u>
<u>EXPENDITURES:</u>			
Public safety:			
Salaries and benefits	101,525	-	101,525
General administrative	96,190	447	96,637
Maintenance	34,207	-	34,207
Capital outlay	149,681	-	149,681
Debt service:			
Principal retirement	-	156,455	156,455
Interest paid	<u>-</u>	<u>8,335</u>	<u>8,335</u>
Total expenditures	<u>381,603</u>	<u>165,237</u>	<u>546,840</u>
Excess (deficiency) of revenues over expenditures	9,676	(160,471)	(150,795)
<u>OTHER FINANCING SOURCES</u>			
Transfer in (out)	<u>(17,775)</u>	<u>17,775</u>	<u>-</u>
(Deficiency) of expenditures over revenues	(8,099)	(142,696)	(150,795)
Fund balance, beginning	<u>437,473</u>	<u>299,279</u>	<u>736,752</u>
Fund balance end of year	<u>\$ 429,374</u>	<u>\$ 156,583</u>	<u>\$ 585,957</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

**Statement of Revenues, Expenditures and Changes
In Fund Balance
December 31, 2004**

Statement G

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>REVENUES:</u>			
Taxes			
Ad valorem taxes	\$ 347,975	\$ 123,724	\$ 471,699
Intergovernmental revenues:			
State grants	16,661	-	16,661
Interest income	2,979	2,929	5,908
Other revenues	19,162	-	19,162
Total revenues	<u>386,777</u>	<u>126,653</u>	<u>513,430</u>
<u>EXPENDITURES:</u>			
Public safety:			
Salaries and benefits	114,317	-	114,317
General administrative	76,757	-	76,757
Maintenance	15,312	-	15,312
Capital outlay	172,268	-	172,268
Debt service:			
Principal retirement	-	145,882	145,882
Interest paid	-	15,154	15,154
Total expenditures	<u>378,654</u>	<u>161,036</u>	<u>539,690</u>
Excess (deficiency) of revenues over expenditures	8,123	(34,383)	(26,260)

The accompanying notes are an integral part of these financial statements.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA**

**Statement of Revenues, Expenditures and Changes
In Fund Balance
December 31, 2004**

Statement G

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES</u>			
Transfer in (out)	\$ (17,767)	\$ 17,767	\$ -
(Deficiency) of expenditures over revenues	(9,644)	(16,616)	(26,260)
Fund balance, beginning	447,117	323,724	770,841
Prior period adjustment	-	(7,829)	(7,829)
Fund balance, beginning restated	447,117	315,895	763,012
Fund balance end of year	<u>\$ 437,473</u>	<u>\$ 299,279</u>	<u>\$ 736,752</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance
December 31, 2005 and 2004**

	Statement H	
	<u>2005</u>	<u>2004</u>
Net changes in fund balance - governmental fund (Statements F and G)	\$ (150,795)	\$ (26,260)
Amounts reported for governmental activity in the statement is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	149,681	172,268
Depreciation expense	(114,353)	(100,202)
Governmental funds report debt service payments as expenditures. However, in the statement of activities, repayments of principal of indebtedness reduces long-term liabilities in the statement of net assets.		
The amount of principal payments made were	<u>156,454</u>	<u>145,882</u>
Change in net assets per statement of activities (Statement B)	<u>\$ 40,987</u>	<u>\$ 191,688</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

INTRODUCTION

1. The Concordia Fire Protection District No. 2 was created October 9, 1989 by the Concordia Parish Police Jury by ordinance. The District operates in compliance with Part II, Title 40:1492-1502 of the Louisiana Revised Statutes.
2. The purpose of the District is to provide fire protection.
3. The District's boundaries are all of Concordia Parish except outside of the corporate limits of any municipality in Concordia Parish and outside of the Monterey Fire Protection District No. 1. Concordia Parish is located in East Central Louisiana.
4. A Board of Supervisors appointed by the Concordia Parish Police Jury governs the District. The board members are paid \$50 per meeting.
5. The District has one full time employee and four part time employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Concordia Fire Protection District No. 2 (hereafter referred to as the District).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include taxes interest and other items that are restricted to meetings the operational or capital requirements of a particular function or segment.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental funds:

1. General Fund – the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund – accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of allowance for uncollectives.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes for 2005 and 2004:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
2005:		
Fire Protection Maintenance	6.75	6.75
2004:		
Fire Protection Maintenance	6.75	6.75
Debt Service	2.40	2.40

The following is the principal taxpayer and related property tax revenues for the District in 2005:

	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Catalyst Old River	Hydro Power	\$ 29,382,550	52.6%	\$ 198,362

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain cash accounts are restricted by debt covenants and may be used only for payment of bonds and interest.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

G. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	10-15 years

H. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation: After one year, employee receives eighteen (18) calendar days vacation. After ten years, employee receives one extra day vacation for each year of service over ten (10) years, up to a maximum of 30 days. two years, employee receives ten days vacation.

Sick leave: Employee is required to have a doctor's excuse for absences in excess of three (3) days.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

K. Budget Practices

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget are legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

2. CASH AND CASH EQUIVALENTS

At December 31, 2005 the District has cash and cash equivalents (book balances) totaling \$241,835 as follows:

Interest-bearing demand deposits	\$ 83,015
Certificates of deposit	<u>158,820</u>
Total	<u>\$ 241,835</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the District has \$246,748 in deposits (collected bank balances). These deposits are secured from risk by \$190,247 of federal deposit insurance and \$56,501 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

3. RECEIVABLES

The receivables of \$355,217 at December 31, 2005 are as follows:

Ad valorem taxes	\$ 355,217
Less allowance for doubtful accounts	<u>-</u>
Total receivables	<u><u>\$ 355,217</u></u>

4. CAPITAL ASSETS

Capital assets and depreciation activities as of and for the years ended December 31, 2005 and 2004 is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Prior Period Adjustment</u>	<u>Ending Balance</u>
2004:					
Governmental activities:					
Capital assets being depreciated					
Buildings	\$ 504,465	\$ -	\$ -	\$ -	\$ 504,465
Equipment	<u>1,145,628</u>	<u>172,268</u>	<u>-</u>	<u>-</u>	<u>1,317,896</u>
Total capital assets being depreciated	<u>1,650,093</u>	<u>172,268</u>	<u>-</u>	<u>-</u>	<u>1,822,361</u>
Less accumulated depreciation for:					
Buildings	-	(13,160)	-	(135,731)	(148,891)
Equipment	<u>-</u>	<u>(87,042)</u>	<u>-</u>	<u>(588,137)</u>	<u>(675,179)</u>
Total accumulated depreciation	<u>-</u>	<u>(100,202)</u>	<u>-</u>	<u>(723,868)</u>	<u>(824,070)</u>
Total capital assets being depreciated, net	<u>\$ 1,650,093</u>	<u>\$ 72,066</u>	<u>\$ -</u>	<u>\$ (723,868)</u>	<u>\$ 998,291</u>

Depreciation expense of \$100,202 for the year ended December 31, 2004 was charged to the public safety functions.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

4. CAPITAL ASSETS – continued

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
2005:				
Governmental activities:				
Capital assets being depreciated				
Buildings	\$ 504,465	\$ -	\$ -	\$ 504,465
Equipment	<u>1,317,896</u>	<u>149,681</u>	<u>(8,751)</u>	<u>1,458,826</u>
Total capital assets being depreciated	<u>1,822,361</u>	<u>149,681</u>	<u>(8,751)</u>	<u>1,963,291</u>
Less accumulated depreciation for:				
Buildings	(148,891)	(13,160)	-	(162,051)
Equipment	<u>(675,179)</u>	<u>(101,193)</u>	<u>8,751</u>	<u>(767,621)</u>
Total accumulated depreciation	<u>(824,070)</u>	<u>(114,353)</u>	<u>8,751</u>	<u>(929,672)</u>
Total capital assets being depreciated, net	<u>\$ 998,291</u>	<u>\$ 35,328</u>	<u>\$ -</u>	<u>\$ 1,033,619</u>

Depreciation expense of \$114,353 for the year ended December 31, 2005, was charged to the public safety functions.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable at December 31, 2005, are as follows:

	<u>2005</u>	<u>2004</u>
Accounts	\$ 5,343	\$ 4,094
Payroll taxes and retirement	3,515	3,522
Accrued interest	<u>2,237</u>	<u>5,122</u>
	<u>\$ 11,095</u>	<u>\$ 12,738</u>

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

6. GENERAL LONG-TERM DEBT

At December 31, 2005, long-term debt was comprised of the following:

\$1,400,000 - 1991 General Obligation Bonds due
in annual installments of \$154,790 to \$154,494 through
March 1, 2006; interest at 6.55% to 7.05%. \$ 150,000

The following is a summary of the long-term debt transactions for the year ended December 31, 2005 and 2004:

	<u>Notes</u>	<u>Bonds</u>	<u>Total</u>
Payable at January 1, 2004	\$ 32,336	\$ 420,000	\$ 452,336
Payments - 2004	<u>(15,882)</u>	<u>(130,000)</u>	<u>(145,882)</u>
Payable at December 31, 2004	16,454	290,000	306,454
Payments - 2005	<u>(16,454)</u>	<u>(140,000)</u>	<u>(156,454)</u>
Payable at December 31, 2005	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 150,000	\$ 3,375	\$ 153,375

7. PENSION PLANS

Plan Description: The District contributes to the Firefighters' Retirement System. The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the plans.

The retirement system issues publicly available financial reports that includes financial statements and required supplementary information for the plans. The financial reports may be obtained from:

Firefighters' Retirement System
P. O. Box 94095, Capital Station
Baton Rouge, Louisiana 70804-9095

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

7. PENSION PLANS - continued

Funding Policy: Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's rate is 13% of annual covered payroll as of December 31, 2005. The District's contribution to the plan for the years ending December 31, 2005 and 2004 was \$10,158 and \$9,065 respectively.

8. RISK MANAGEMENT

The District is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

9. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the year Ended December 31, 2004 the District implemented Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total on the fund financial statements as other governmental funds. Fund reclassifications and adjustments to the fund equities reported in the prior year financial statements were required as a result of the conversion to GASB Statement No. 34.

The prior year net assets have been restated as follows to recognize the implementation of GASB 34 as of January 1, 2004:

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

9. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE - continued

Fund Balance, beginning of year as previously reported	\$ 770,841
GASB 34:	
Investment in Capital Assets, beginning of year	1,650,093
Accumulated depreciation, beginning of year	(723,868)
Accrued interest payable, beginning of year	(7,829)
Notes payable, beginning of year	<u>(452,336)</u>
Total GASB 34 adjustments	<u>466,060</u>
Net Assets beginning of year restated (January 1, 2004)	<u>\$ 1,236,901</u>

REQUIRED SUPPLEMENTAL INFORMATION

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH, LOUISIANA

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual – (GAAP Basis) – General Fund
Year Ended December 31, 2005**

Statement 1

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>Unfavorable</u>
<u>REVENUES:</u>				
Taxes				
Ad valorem taxes	\$ 342,100	\$ 338,925	\$ 366,761	\$ 27,836
Interest income	2,500	4,000	4,884	884
Other revenues	<u>17,500</u>	<u>19,908</u>	<u>19,634</u>	<u>(274)</u>
Total revenues	<u>362,100</u>	<u>362,833</u>	<u>391,279</u>	<u>28,446</u>
<u>EXPENDITURES:</u>				
Public safety:				
Salaries and benefits	131,500	129,500	101,525	27,975
General administrative	64,040	62,962	96,190	(33,228)
Maintenance	28,300	46,300	34,207	12,093
Capital outlay	<u>166,500</u>	<u>160,500</u>	<u>149,681</u>	<u>10,819</u>
Total expenditures	<u>390,340</u>	<u>399,262</u>	<u>381,603</u>	<u>17,659</u>
Excess (deficiency) of revenues over expenditures	(28,240)	(36,429)	9,676	46,105
<u>OTHER FINANCING USES</u>				
Transfer (out)	<u>(17,800)</u>	<u>(17,000)</u>	<u>(17,775)</u>	<u>(775)</u>
(Deficiency) of expenditures over revenues	(46,040)	(53,429)	(8,099)	45,330
Fund balance, beginning of year	<u>437,473</u>	<u>437,473</u>	<u>437,473</u>	<u>-</u>
Fund balance end of year	<u>\$ 391,433</u>	<u>\$ 384,044</u>	<u>\$ 429,374</u>	<u>\$ 45,330</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2
CONCORDIA PARISH, LOUISIANA

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual – (GAAP Basis) – General Fund
Year Ended December 31, 2004**

Statement 2

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>Unfavorable</u>
<u>REVENUES:</u>				
Taxes				
Ad valorem taxes	\$ 322,200	\$ 329,306	\$ 347,975	\$ 18,669
Intergovernmental revenues:				
State grants	60,250	16,161	16,661	500
Interest income	2,000	2,500	2,979	479
Other revenues	16,010	18,576	19,162	586
Total revenues	<u>400,460</u>	<u>366,543</u>	<u>386,777</u>	<u>20,234</u>
<u>EXPENDITURES:</u>				
Public safety:				
Salaries and benefits	131,350	125,545	114,317	11,228
General administrative	63,935	65,635	76,757	(11,122)
Maintenance	26,200	27,000	15,312	11,688
Capital outlay	212,500	199,000	172,268	26,732
Total expenditures	<u>433,985</u>	<u>417,180</u>	<u>378,654</u>	<u>38,526</u>
Excess (deficiency) of revenues over expenditures	(33,525)	(50,637)	8,123	58,760
<u>OTHER FINANCING USES</u>				
Transfer (out)	<u>-</u>	<u>-</u>	<u>(17,767)</u>	<u>(17,767)</u>
(Deficiency) of expenditures over revenues	(33,525)	(50,637)	(9,644)	40,993
Fund balance, beginning of year	<u>447,117</u>	<u>447,117</u>	<u>447,117</u>	<u>-</u>
Fund balance end of year	<u>\$ 413,592</u>	<u>\$ 396,480</u>	<u>\$ 437,473</u>	<u>\$ 40,993</u>

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL SCHEDULES

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2
SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

COMPENSATION PAID BOARD MEMBERS

	<u>2005</u>	<u>2004</u>
Charlene Barlow	\$ 600	\$ 600
Charles Dew	600	600
Harvey Cowan	250	-
Howard Jackson	600	600
Judy Pugh	600	600
Charlie Stutton	300	500
	<u>\$ 2,950</u>	<u>\$ 2,900</u>

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 478
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners
Concordia Fire Protection District No. 2
Vidalia, Louisiana

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Concordia Fire Protection District No. 2 as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 2, 2006. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and the *Louisiana Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Concordia Fire Protection District No. 2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider being a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Concordia Fire Protection District No. 2's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

Compliance

As part of obtaining reasonable assurance about whether Concordia Fire Protection District No. 2's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This reportable condition is described in the accompanying schedule of findings and questionable costs as item 2005-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses.

This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana
August 2, 2006

Switzer, Hopkins & Manger

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

Schedule of Findings and Questioned Costs Year Ended December 31, 2005

Summary of Audit Reports

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued on the primary government financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Reportable condition(s) identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance relating to the primary government financial statements? | Yes |

Findings – Financial Statement Audit

2005-1 Segregation of Duties

Condition: We noted that the District does not have adequate segregation of duties in its operation. One individual is responsible for practically every accounting function including record keeping, check writing, making deposits, etc. We recommend an attempt to segregate duties be made by the District.

Response: Management indicated that it has only one employee and it would not be cost feasible to add additional persons to the accounting function.

2005-2 Late Filing of Audit Report

Condition: Louisiana Revised Statute 24:513 requires that this audit be completed by June 30, 2006. It was mailed to the Legislative Auditor on August 8, 2006. This is a law violation.

Response: Management sated that the audit report will be filed on time in the future.

CONCORDIA FIRE PROTECTION DISTRICT NO. 2

Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2005
(Findings Occurred December 31, 2003)

2003 – 1 Late Filing Audit Report

We noted that the audit report was due to be completed with six months after the close of the year which was December 31, 2003. The audit report was due by June 30, 2004 and was not complete and filed until August 10, 2004. This is a violation of State law.

We recommend that in the future years the audit report be completed within six months after the close of the fiscal year as required by State law.

This finding continued in 2005 and is reported as finding 2005-2.